



Department of Justice

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Northern District of New York

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PRESS RELEASE

ALBANY, NY – Richard S. Hartunian, the United States Attorney for the Northern District of New York, announced that Lee Ballard, 55, of Suffern, New York, was sentenced today in Albany to a term of home confinement of six months. United States District Judge Lawrence E. Kahn also sentenced Ballard to serve a term of five years probation, to perform four hundred hours of community service, and to pay restitution in the amount of \$709,333.

Ballard previously pleaded guilty on August 4, 2010 in federal court to a two count information. Count One charged him with making false statements in connection with the delivery and payment of healthcare benefits, specifically with making false statements to healthcare professionals in order to obtain Schedule II Controlled Substances and have a health care benefit plan pay for the controlled substances, as well as the medical treatment through which they were administered, in violation of Title 18, United States Code, Sections 1035 and 24b. In Count Two, Ballard was charged with acquiring a controlled substance by misrepresentation, fraud, or deception, in violation of Title 21, United States Code, Section 843(a)(3). Under Count One, Ballard was subject to possible penalties of up to five years in prison and a \$250,000 fine; under Count Two, he faced possible penalties of up to four years in prison and a \$250,000 fine.

In his plea agreement, entered into on August 4, 2010, Ballard admitted the following facts relating to the two counts in the Information:

LEE BALLARD resides in Middletown, New York and has been an employee of a residential center operated by New York State for over 10 years. As a New York State employee, LEE BALLARD participates as a member of a New York State health benefits plan commonly known as the "Empire Plan." As a participant of the Empire Plan, LEE BALLARD receives hospital insurance, health insurance, and prescription drug benefits for himself and his dependents. The Empire Plan is a "health care benefit program" as that phrase is defined in 18 U.S.C. § 24(b). LEE BALLARD has participated as a member of the Empire Plan for over 10 years.

Between 1989 and 1999, LEE BALLARD was hospitalized on multiple occasions for surgery and other medical illnesses. In connection with these hospital stays, LEE BALLARD was prescribed Demerol and other narcotic medicines that are classified as analgesics or opioids (such as Morphine, Hydrocodone, Dilaudid, and Oxycodone) and that are used by physicians to treat moderate to severe pain. Each of these drugs – Demerol, Morphine, Dilaudid, Hydrocodone, and Oxycodone – is commonly abused because of its euphoric and sedation effects. These drugs cause tolerance and dependence; addicts are subject to severe withdrawal symptoms. Each of these drugs – Demerol, Morphine, Dilaudid, Hydrocodone, and Oxycodone – are classified as Schedule II Controlled Substances pursuant to 21 U.S.C. § 812, are highly restricted, and cannot be legally possessed or consumed without a prescription.

In or around 1999, LEE BALLARD became addicted to Demerol and the other aforementioned Schedule II Controlled Substances. In connection with this addiction, LEE BALLARD frequently visited various hospital emergency rooms in the Northern District of New York, the Southern District of New York, the District of Connecticut, the District of New Jersey, and the District of Vermont between January 1, 2000, and December 2, 2009, in an effort to obtain Demerol and the other aforementioned Schedule II Controlled Substances. Between February 1, 2008, and December 2, 2009, LEE BALLARD made over 75 visits to hospital emergency rooms in an effort to obtain Demerol and other Schedule II Controlled Substances.

Most of the hospital emergency room visits made by LEE BALLARD between January 1, 2000, and December 2, 2009, were part of a common scheme in which LEE BALLARD made one or more materially false and fraudulent statements to health care professionals in each of the emergency rooms in order to obtain, and have the Empire Plan pay for, Demerol and other Schedule II Controlled

Substances. The materially false and fraudulent statements made by LEE BALLARD included false or exaggerated claims of pain, false or exaggerated claims of injury, and false or inaccurate descriptions of his medical history. All of the materially false and fraudulent statements were made by LEE BALLARD for the purpose of (1) deceiving the health care professionals in the hospital emergency rooms into believing that he had a medical need for Demerol and other Schedule II Controlled Substances; (2) obtaining Demerol and other Schedule II Controlled Substances; and (3) having the Empire Plan pay for the Demerol and other Schedule II Controlled Substances and the medical treatment in which the Schedule II Controlled Substance was administered.

For example, at 10:08 p.m. on October 18, 2008, LEE BALLARD was at the emergency room in Benedictine Hospital in Kingston, New York, which is within the Northern District of New York. While in the Benedictine Hospital emergency room, LEE BALLARD falsely claimed that he was suffering from chest pain radiating to his back and also falsely claimed that the chest pain was similar to the pain he incurred with six prior pulmonary emboli. While at Benedictine Hospital on October 18, 2008, LEE BALLARD was not suffering from any chest pain. LEE BALLARD's false statements regarding chest pain were material false statements as they had a natural tendency to influence the decision making of the health care professionals at Benedictine Hospital to prescribe and administer Schedule II Controlled Substances to LEE BALLARD and also influence the Empire Plan to pay for the Schedule II Controlled Substances and the medical treatment in which the Schedule II Controlled Substance was administered. After making these materially false statements regarding chest pain, LEE BALLARD was prescribed and administered by health care professionals at the hospital several doses of Dilaudid, which is a Schedule II Controlled Substance. LEE BALLARD knowingly and willfully made the materially false statements regarding his chest pain, knowing that the statements were false, for the purpose of (1) deceiving the health care professionals at the hospital into believing that he had a medical need for a Schedule II Controlled Substance; (2) acquiring the Schedule II Controlled Substances; and (3) having the Empire Plan pay for the Schedule II Controlled Substances and the medical treatment in which the Schedule II Controlled Substance was administered. LEE BALLARD's materially false statements at Benedictine Hospital on October 18, 2008 regarding his chest pain involved a "health care benefit program." LEE BALLARD's materially false statements at Benedictine Hospital on October 18, 2008 regarding his chest pain were also made in connection with the delivery of and payment for health care benefits.

On August 22, 2009, LEE BALLARD was at the emergency room at Ellis Hospital in Schenectady, New York, which is within the Northern District of New York. While in the Ellis Hospital emergency room, LEE BALLARD

misrepresented to health care professionals that he was suffering from chest pain and shortness of breath and misrepresented that in March 2009, he was treated for a pulmonary embolism at a hospital in Texas. While at Ellis Hospital in August 2009, LEE BALLARD was not suffering from chest pain, he was not suffering from shortness of breath, and he had not been treated for a pulmonary embolism at a hospital in Texas in March 2009. LEE BALLARD's misrepresentations regarding chest pain, shortness of breath, and prior treatment for a pulmonary embolism were material misrepresentations as they had a natural tendency to influence the decision making of the health care professionals at the Ellis Hospital to prescribe and administer Schedule II Controlled Substances to LEE BALLARD and also influence the Empire Plan to pay for the Schedule II Controlled Substances and the medical treatment in which the Schedule II Controlled Substances were administered. After making these material misrepresentations, LEE BALLARD knowingly and intentionally acquired multiple doses of Morphine and Dilaudid, both of which are Schedule II Controlled Substances and which were administered to LEE BALLARD by health care professionals at Ellis Hospital. LEE BALLARD knowingly and willfully made each of the aforementioned misrepresentations, knowing that the statements were false, for the purpose of (1) deceiving the health care professionals at the hospital into believing that he had a medical need for the Schedule II Controlled Substances; (2) acquiring the Schedule II Controlled Substances; and (3) having the Empire Plan pay for the Schedule II Controlled Substances and the medical treatment in which the Schedule II Controlled Substance was administered.

The case was investigated by the New York State Inspector General and the U.S.

Department of Health and Human Services, Office of Inspector General.

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